

House File 542 - Introduced

HOUSE FILE 542

BY THOMSON and ANDREWS

A BILL FOR

1 An Act prohibiting the government of, and persons and entities
2 from, the People's Republic of China, and companies or
3 persons under control of the communist party of China, from
4 acquiring or owning real property located in the state.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 9I.1, Code 2023, is amended by adding the
2 following new subsection:

3 NEW SUBSECTION. 6. "Ultimate beneficial owner" shall mean
4 the natural person who ultimately controls or owns specific
5 real property, or on whose behalf a real property transaction
6 is conducted.

7 Sec. 2. Section 9I.2, Code 2023, is amended to read as
8 follows:

9 9I.2 ~~Alien rights~~ Real property — nonresident aliens and
10 foreign governments.

11 1. A nonresident alien, foreign business or foreign
12 government may acquire, by grant, purchase, devise, or descent,
13 real property, except agricultural land or any interest in
14 agricultural land in this state, and may own, hold, devise, or
15 alienate the real property, and shall incur the same duties and
16 liabilities in relation thereto as a citizen and resident of
17 the United States.

18 2. Notwithstanding subsection 1, effective July 1, 2023,
19 the government of the People's Republic of China shall not
20 acquire by grant, purchase, devise, or descent any real
21 property located in this state.

22 3. Notwithstanding subsection 1, effective July 1, 2023,
23 a corporation incorporated under the laws of the government
24 of the People's Republic of China, or a business entity
25 whether or not incorporated, in which a majority interest
26 is owned directly or indirectly by nonresident aliens from
27 the People's Republic of China shall not acquire by grant,
28 purchase, devise, or descent any real property located in
29 this state. Legal entities, including but not limited to
30 trusts, holding companies, multiple corporations, and other
31 business arrangements, shall not affect the determination of
32 ownership or control of the foreign business. If a corporation
33 incorporated under the laws of the government of the People's
34 Republic of China, or a business entity whether or not
35 incorporated, in which a majority interest is owned directly

1 or indirectly by nonresident aliens from the People's Republic
2 of China owns or holds real property in this state on July 1,
3 2023, the corporation or business entity shall divest itself
4 of all right, title, and interest in the real property before
5 December 31, 2023.

6 4. Notwithstanding subsection 1, effective July 1, 2023, a
7 company or a person under the control of the communist party
8 of China shall not acquire by grant, purchase, devise, or
9 descent any real property located in this state. If a company
10 or a person under the control of the communist party of China
11 owns or holds real property in this state on July 1, 2023, the
12 company or person shall divest itself of all right, title, and
13 interest in the real property before December 31, 2023.

14 Sec. 3. Section 9I.3, Code 2023, is amended by adding the
15 following new subsection:

16 NEW SUBSECTION. 5. *a.* Notwithstanding subsections 1, 2, 3,
17 and 4, the government of the People's Republic of China shall
18 not purchase or otherwise acquire agricultural land in this
19 state. If the government of the People's Republic of China
20 owns or holds agricultural land in this state on July 1, 2023,
21 the government of the People's Republic of China shall divest
22 itself of all right, title, and interest in the agricultural
23 land before December 31, 2023.

24 *b.* Notwithstanding subsections 1, 2, 3, and 4, a corporation
25 incorporated under the laws of the government of the People's
26 Republic of China, or a business entity whether or not
27 incorporated, in which a majority interest is owned directly or
28 indirectly by nonresident aliens from the People's Republic of
29 China shall not purchase or otherwise acquire agricultural land
30 in this state. If a corporation incorporated under the laws of
31 the government of the People's Republic of China, or a business
32 entity whether or not incorporated, in which a majority
33 interest is owned directly or indirectly by nonresident aliens
34 from the People's Republic of China owns or holds agricultural
35 land in this state on July 1, 2023, the corporation or business

1 entity shall divest itself of all right, title, and interest in
2 the agricultural land before December 31, 2023.

3 c. Notwithstanding subsections 1, 2, 3, and 4, a company
4 or a person under the control of the communist party of China
5 shall not purchase or otherwise acquire agricultural land in
6 this state. If a company or a person under the control of the
7 communist party of China owns or holds agricultural land in
8 this state on July 1, 2023, the company or person shall divest
9 itself of all right, title, and interest in the agricultural
10 land before December 31, 2023.

11 Sec. 4. Section 9I.5, Code 2023, is amended to read as
12 follows:

13 **9I.5 Land acquired by devise or descent.**

14 1. A nonresident alien, foreign business or foreign
15 government, or an agent, trustee or fiduciary thereof, which
16 acquires agricultural land or an interest in agricultural
17 land, by devise or descent after January 1, 1980, shall divest
18 itself of all right, title and interest in the land within two
19 years from the date of acquiring the land or interest. This
20 section shall not require divestment of agricultural land or an
21 interest in agricultural land, acquired by devise or descent
22 from a nonresident alien, if such land or an interest in such
23 land was acquired by any nonresident alien prior to July 1,
24 1979.

25 2. If the government of the People's Republic of China,
26 acquired real property or an interest in real property by
27 devise or descent on or before July 1, 2023, the government
28 of the People's Republic of China shall divest itself of all
29 right, title, and interest in the land before December 31,
30 2023.

31 3. If a corporation incorporated under the laws of the
32 government of the People's Republic of China, or a business
33 entity whether or not incorporated, in which a majority
34 interest is owned directly or indirectly by nonresident aliens
35 from the People's Republic of China, acquired real property or

1 an interest in real property by devise or descent on or before
2 July 1, 2023, the corporation or business entity shall divest
3 itself of all right, title, and interest in the land before
4 December 31, 2023.

5 4. If a company or a person under the control of the
6 communist party of China acquired real property or an interest
7 in real property by devise or descent on or before July 1,
8 2023, the company or person shall divest itself of all right,
9 title, and interest in the agricultural land before December
10 31, 2023.

11 Sec. 5. Section 9I.6, Code 2023, is amended to read as
12 follows:

13 **9I.6 Change of status — divestment.**

14 1. A person or business which purchases or otherwise
15 acquires agricultural land in this state except by devise or
16 descent, after January 1, 1980, and whose status changes so
17 that it becomes a foreign business or nonresident alien subject
18 to this chapter, shall divest itself of all right, title and
19 interest in the land within two years from the date that its
20 status changed.

21 2. A person or business which purchased or otherwise
22 acquired real property in this state except by devise or
23 descent, and whose status changed so that the person or
24 business is affiliated in any way with the government of the
25 People's Republic of China or the communist party of China,
26 shall divest itself of all right, title, and interest in the
27 land before December 31, 2023.

28 3. A person or business which purchased or otherwise
29 acquired real property in this state except by devise
30 or descent, and whose status changed so that the person
31 or business is affiliated in any way with a corporation
32 incorporated under the laws of the government of the People's
33 Republic of China or the communist party of China, shall divest
34 itself of all right, title, and interest in the land before
35 December 31, 2023.

1 Sec. 6. Section 9I.10, Code 2023, is amended to read as
2 follows:

3 **9I.10 Enforcement.**

4 1. a. If the secretary of state finds that a nonresident
5 alien, foreign business, foreign government, or an agent,
6 trustee, or other fiduciary thereof, has acquired or holds
7 title to or interest in agricultural land in this state in
8 violation of this chapter or has failed to timely register as
9 required under section 9I.7 or has failed to timely report as
10 required under section 9I.8, the secretary shall report the
11 violation to the attorney general.

12 b. If a county recorder finds that the government of the
13 People's Republic of China has acquired or holds title to or
14 interest in real property located in this state in violation of
15 this chapter, the county recorder shall report the violation
16 to the attorney general.

17 c. If a county recorder finds that a corporation
18 incorporated under the laws of the government of the People's
19 Republic of China, or a business entity whether or not
20 incorporated, in which a majority interest is owned directly
21 or indirectly by nonresident aliens from the People's Republic
22 of China has acquired or holds title to or interest in real
23 property in this state in violation of this chapter, the county
24 recorder shall report the violation to the attorney general.

25 d. If a county recorder finds that a company or person under
26 the control of the communist party of China has acquired or
27 holds title to or interest in real property in this state in
28 violation of this chapter, the county recorder shall report the
29 violation to the attorney general.

30 2. a. Upon receipt of ~~the~~ a report from the secretary of
31 state or a county recorder under subsection 1, the attorney
32 general shall initiate an action in the district court of any
33 county in which the land is located.

34 ~~3.~~ b. The attorney general shall file a notice of the
35 pendency of the action with the recorder of deeds of each

1 county in which any of the land is located. If the court
2 finds that the land in question has been acquired or held in
3 violation of **this chapter** or the required registration has not
4 been timely filed, it shall enter an order so declaring and
5 shall file a copy of the order with the recorder of deeds of
6 each county in which any portion of the land is located.

7 **Sec. 7. NEW SECTION. 9I.13 Ultimate beneficial owner —**
8 **presumption.**

9 If the ultimate beneficial owner of any real property
10 located in this state cannot be one hundred percent determined,
11 the presumption shall be that the real property is owned by a
12 resident of the People's Republic of China.

13 **Sec. 8. NEW SECTION. 9I.14 Foreign lands administration**
14 **tax.**

15 Effective January 1, 2024, a monthly foreign lands
16 administrative tax of ten percent of the fair market value of
17 any real property in this state that is owned by a company or a
18 person under the control of the communist party of China, the
19 government of the People's Republic of China, a corporation
20 incorporated under the laws of the government of the People's
21 Republic of China, or a business entity whether or not
22 incorporated, in which a majority interest is owned directly
23 or indirectly by nonresident aliens from the People's Republic
24 of China, or an ultimate beneficial owner under section 9I.13
25 shall be charged to the owner and shall be a lien on the real
26 property.

27 **Sec. 9. NEW SECTION. 9I.15 Tax sale.**

28 Notwithstanding any law to the contrary, on December
29 1, 2024, the county treasurer of each county in which real
30 property is located on which the foreign lands administrative
31 tax under section 9I.14 is delinquent, shall offer such real
32 property at public sale pursuant to chapter 446.

33 **Sec. 10. NEW SECTION. 9I.16 Treasurer of state —**
34 **administrator of trust.**

35 Notwithstanding any law to the contrary, on January 1, 2025,

1 any real property located in this state that is owned by a
2 company or a person under the control of the communist party
3 of China, the government of the People's Republic of China, a
4 corporation incorporated under the laws of the government of
5 the People's Republic of China, or a business entity whether
6 or not incorporated, in which a majority interest is owned
7 directly or indirectly by nonresident aliens from the People's
8 Republic of China, or an ultimate beneficial owner under
9 section 9I.13, shall be placed in a trust administered by the
10 treasurer of state. The Iowa public employees' retirement
11 system shall be the beneficiary of the trust.

12 EXPLANATION

13 The inclusion of this explanation does not constitute agreement with
14 the explanation's substance by the members of the general assembly.

15 This bill prohibits the government of, and persons and
16 entities from, the People's Republic of China, and companies or
17 persons under the control of the communist party of China, from
18 acquiring or owning real property located in the state.

19 The bill provides that effective July 1, 2023, the
20 government of the People's Republic of China (government), a
21 corporation incorporated under the laws of the government of
22 the People's Republic of China (corporation) or a business
23 entity whether or not incorporated in which a majority interest
24 is owned directly or indirectly by nonresident aliens from the
25 People's Republic of China (entity), and a company or a person
26 under the control of the communist party (company or person) of
27 China shall not acquire by grant, purchase, devise, or descent
28 any real property, including agricultural land, located in this
29 state. If the government, corporation, entity, company, or
30 person owns or holds real property in this state on July 1,
31 2023, the government, corporation, entity, company, or person
32 shall divest itself of all right, title, and interest in the
33 real property before December 31, 2023.

34 If real property, including agricultural land, was acquired
35 by the government, corporation, entity, company, or person by

1 devise or descent on or before July 1, 2023, the government,
2 corporation, entity, company, or person shall divest itself
3 of all right, title, and interest in the real property before
4 December 31, 2023.

5 A person or business which purchased or otherwise acquired
6 real property in this state except by devise or descent,
7 and whose status changed so that the person or business is
8 affiliated in any way with the government, corporation, entity,
9 or a company or person shall divest itself of all right, title,
10 and interest in the land before December 31, 2023.

11 The bill provides that if a county recorder finds that
12 a government, corporation, entity, company, or person has
13 violated a requirement of the bill, the county recorder shall
14 report the violation to the attorney general. Upon receipt of
15 a report of a violation, the attorney general shall initiate
16 an action in the district court of any county in which the land
17 is located.

18 Under the bill, if the ultimate beneficial owner of any
19 real property located in this state cannot be 100 percent
20 determined, the presumption shall be that the real property is
21 owned by a resident of the government. "Ultimate beneficial
22 owner" is defined in the bill.

23 Effective January 1, 2024, the bill imposes a monthly
24 foreign lands administrative tax of 10 percent of the fair
25 market value of any real property in this state that is owned
26 by the government, corporation, entity, company, person, or
27 an ultimate beneficial owner, and the tax shall be a lien on
28 the real property. Notwithstanding any law to the contrary,
29 on December 1, 2024, the county treasurer of each county in
30 which real property is located on which the foreign lands
31 administrative tax is delinquent shall offer such real estate
32 at public sale pursuant to Code chapter 446.

33 Notwithstanding any law to the contrary, on January 1, 2025,
34 the bill provides that any real property located in this state
35 that is owned by the government, corporation, entity, company,

H.F. 542

1 person, or an ultimate beneficial owner, shall be placed in a
2 trust administered by the treasurer of state. The Iowa public
3 employees' retirement system shall be the beneficiary of the
4 trust.